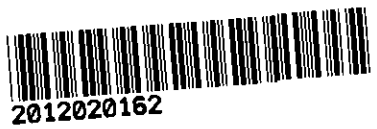


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INSTRUMENT # 2012020162

DECLARATION
OF
LANIER LANDING

REPRESENTED BY
Allen, MacDonald & Davis

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LANIER LANDING**

THIS DECLARATION, made the 15TH day of June, 2012, by LANIER LANDING DEVELOPMENT COMPANY, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant or Developer", for the purposes hereinafter stated,

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in New Hanover County, North Carolina known as Lanier Landing which is shown on a plat recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, in Map Book 51 Page 5 (the "Recorded Map") to which reference is made for a more particular description (the "Property"), and

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the North Carolina Planned Community Act (the "PCA") in Chapter 47F of the North Carolina General Statutes and also subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the land and be binding on and shall inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns

**ARTICLE I
DEFINITIONS**

SECTION 1 Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired or developed by Declarant, in addition to the above described Property within a mile thereof, and annexed to and made a part of the Development (as hereinafter defined) pursuant to the provisions of this Declaration

SECTION 2. Association shall mean and refer to the Lanier Landing Homeowners' Association, Inc , a North Carolina non-profit corporation, its successors and assigns, the owners' association organized for the purposes set forth herein

SECTION 3. Assessments shall mean the Annual, Special, Insurance, Ad Valorem Tax and Working Capital Assessments provided for in this Declaration

SECTION 4 Common Area(s) shall mean and refer to all lands and easements within or appurtenant to the Development intended for the common use and enjoyment of the Owners, including, without limitation, any private roads, areas designated as "common" areas on the Recorded Map and within the Development At present the only common area contemplated is the stormwater pond tract to the west of lots 5 and 6 and the 40' private right of way as shown on the Recorded Map The Declarant intends to convey both of these tracts to the Town of Carolina Beach In the event that the Town refuses to accept them, the Association shall hold the tracts as Common Area and shall maintain the stormwater pond in accordance with the Stormwater Permit and the private right of way as the Association deems necessary In the event the Town accepts

ownership of the tracts, there shall be no Common Area owned by the Association

SECTION 5 Common Expenses shall mean expenditures made by or financial liabilities of the Association, together with any allocations to reserves

SECTION 6. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine, feminine, and neuter as required by the context) and shall mean and refer to LANIER LANDING DEVELOPMENT COMPANY, LLC its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant for the purpose of development

SECTION 7. Declaration shall mean this instrument as it may be from time to time be amended or supplemented

SECTION 8 Development shall mean the Property plus any Additional Property

SECTION 9. House or Home shall mean the dwelling located on a Lot

SECTION 10. Improvements shall mean any change or addition to a Lot by or on behalf of an Owner other than the Declarant

SECTION 11. Lot(s) shall mean and refer to any numbered lot within the Development, together with the dwelling and other improvements situated thereon

SECTION 12. Member(s) shall mean and refer to every person or entity who has a Membership in the Association

SECTION 13. Membership shall mean and refer to the rights, privileges, benefits, duties and obligations, which shall inure to the benefit of and burden each Member of the Association Although the Declarant shall be a member of the Association so long as Declarant owns any property shown on the Recorded Map, the Declarant shall not be required to pay Assessments

SECTION 14. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation

SECTION 15. Property shall mean the Property as defined in the preamble to this Declaration

ARTICLE II PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners Property Rights and Easement of Enjoyment in the Common Area Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Area if any exists which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions

(a) The Association may make and amend reasonable rules and regulations governing use of the Common Areas by the Owners,

(b) The Association may suspend the voting rights and privileges of an Owner for any period during which any Assessments against the Owners lot remain unpaid. The Association may also suspend the voting rights and privileges of an Owner for an infraction of the Declaration, bylaws or other published rules and regulations of the Association for the period during which the infraction is pending and not to exceed 60 days following the cessation of the infraction.

(c) The Association may mortgage or convey the Common Areas, or dedicate or transfer all or part of the Common Areas, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least two-thirds of the Members, excluding the Developer, provided, however, the Association may without the consent of the Owners grant easements over the Common Area for drainage systems, stormwater ponds, and public and private utilities servicing the Development and provided, further, that any conveyance or encumbrance of Common Area shall be subject to any rights of ingress and egress to any Lot over private streets.

(d) The Association, acting through the Board of Directors, shall have the right to grant easements, rights of way, licenses and similar interests over any part of the Common Areas for any lawful purpose which it determines, in its own discretion, to be consistent with the interests of the Association.

(e) The Association may levy fines in accordance with the North Carolina Planned Community Act (Chapter 47F of the North Carolina General Statutes).

SECTION 2. Easements in Favor of Declarant and the Association The following easements are reserved to Declarant and the Association, their successors and assigns.

(a) Easements as necessary in the lands constituting the Common Areas and that portion of each Lot not occupied by a structure for the installation and maintenance of utilities and drainage facilities including the right of Declarant and the Association to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on the plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of New Hanover County, the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance, the right to cut any trees, bushes or shrubbery, the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance, and the right to locate wells, pumping stations, and tanks within residential areas, or upon any Lot with the permission of the owner of such Lot. No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems,

(b) Easements over all private streets and Common Areas within the Development as necessary to provide access, ingress and egress, to any Additional Property.

(c) Some Lots may be subjected to landscape easements for the purpose of maintaining specified plantings, levels of maintenance, signs, walls, irrigation well, fences, and other decorative

structures. The operation of such easements shall be governed by provisions in this Declaration, other recorded instruments and by policies duly enacted by the Association and pursuant to its authority set forth in this Declaration.

SECTION 3. Other Easements The following easements are granted by Declarant to others:

(a) An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Area in the performance of their duties,

(b) In case of any emergency originating in or threatening any Lot or Common Areas, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it shall have the right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners, and such right of entry shall be immediate,

(c) The Association is granted an easement over each Lot for the purposes of providing Lot maintenance.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Property or any Additional Property, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

SECTION 5. Prohibition Of Permanent Structures Within Easements No permanent structure may be built within the easements described in this Article or those easements shown on the Recorded Map. Owners may plant trees, shrubs, flowers and grass in those easements. Owners shall be responsible for the cost of removal, repair and/or replacement of any non-permanent structures which the Association deems necessary to remove to allow for maintenance, servicing, repair or replacement within those easements. Owner shall also be responsible for the cost of the removal of any permanent structure constructed within those easements. Any costs incurred by the Association for removal, repair and/or replacement of structures or vegetation in the easement areas shall be assessed to the Owner of the related lot.

ARTICLE III RIGHTS OF DEVELOPER

The Declarant shall have, and there is hereby reserved to the Declarant, the following rights, powers and privileges which shall be in addition to any other rights, powers and privileges reserved to the Declarant herein:

SECTION 1. For the duration of the Declarant's rights and obligations, Declarant shall have the right to conduct development, construction, marketing and customer service operations within Lanier Landing in a customary and reasonable fashion. This includes the right to maintain construction and sales offices and model homes on lots which Declarant owns and to park vehicles

thereon, the right of access over the streets and rights of way within Lanier Landing by construction and supply vehicles and the right to store materials and equipment related to such land development and construction on property owned by Declarant, and the right to make and reproduce photographs of the Common Area and of private homes in marketing, advertising, and public relations efforts. However, it shall be incumbent upon those exercising these reserve rights to conduct their activities in ways respectful of the comfort and safety of the occupants of lots in Lanier Landing.

SECTION 2. The Architectural Control Committee All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or the Bylaws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any Lot within the Property or any Additional Property.

SECTION 3. Plan of Development. The right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Development including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plate any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots, to further subdivide tracts shown on any such subdivision plat into two or more Lots, to recombine one or more tracts or Lots or a tract and Lots to create a larger tract to eliminate from this Declaration Lots that are not otherwise buildable or are needed for access or are needed for use as public or private roads or access areas, whether serving the Development or other property or are needed for Common Areas, Designated Common Areas, or amenities, and to take such steps as are reasonably necessary to make such replatted Lots or tracts suitable and fit as a building site, access area, roadway or Common Area. Declarant shall be entitled to transfer all of the rights of Developer set out in Article III above and all of the Special Declarant Rights set out in Section 47F-1-103(28) of the PCA so long as it owns any lots in Lanier Landing Subdivision. Class B Membership shall only be surrendered when Declarant conveys a lot to a general contractor or consumer purchaser, in which case the Class B membership pertinent to that lot shall be deemed to be voluntarily surrendered and converted to a Class A membership. Class B memberships shall not be deemed to be voluntarily surrendered upon the conveyance of a lot or lots together with the transfer rights of Developer and Special Declarant Rights to another Developer.

SECTION 4. Amendment of Declaration by Declarant or Board without Membership Approval. This Declaration may be amended or supplemented without member approval by the Declarant, or the Board of the Association, as the case may be, as follows:

- (a) in any respect, prior to the sale of the first Lot to any person other than Lanier Landing Development Company, LLC,
- (b) to the extent this Declaration applies to Additional Property,
- (c) to correct any obvious error or inconsistency in drafting, typing or reproduction,
- (d) to qualify the Association or the Property and Additional Property, or any portion thereof, for tax-exempt status,
- (e) to include any platting change as permitted herein,

(f) to conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Property or any Additional Property or to qualify the Property or any Additional Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U S Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion Notwithstanding anything else herein to the contrary, only the Declarant, during the Developer Control Period, shall be entitled to amend this Declaration pursuant to this Section

SECTION 5. Annexation of Additional Property Declarant may annex to and make a part of the Development any other real property which Declarant now owns or which Declarant may hereafter acquire (the Additional Property) Annexation of Additional Property to the Development shall require the assent of two-thirds of the Class A Members who are voting in person or by proxy at a meeting called for this purpose, provided, however, Additional Property may be annexed to the Development without the assent of the Members so long as the Additional Property is developed as a single family residential subdivision Nothing herein shall require the Declarant to develop any other lands now owned or hereafter acquired by the Declarant in accordance with the same general scheme as the Development

SECTION 6. Alleys and Parking Notwithstanding that such may not be shown on any recorded plats for the Development, the Declarant may establish on and over any Common Area such service alleyways and parking areas as Declarant in its sole discretion deems necessary or appropriate

ARTICLE IV ARCHITECTURAL STANDARDS

SECTION 1. Approval Required.

No improvements shall be made, placed, constructed or installed on any Lot and no exterior modifications to existing Improvements shall be undertaken without prior approval of the Architectural Control Committee in accordance with this Article except that the Declarant's activities shall be exempt from this requirement so long as it is engaged in development or construction in Lanier Landing

SECTION 2. Architectural Control Committee.

(a) Composition The Architectural Control Committee shall be comprised of one to three persons who shall be appointed, and may be removed and replaced, in the discretion of the Declarant, so long as the Declarant owns any unimproved Lots, and thereafter in the discretion of the Association The members of the Architectural Control Committee may, but need not be, Owners, and may include architects, engineers or similar professionals who may receive such

compensation for their service as the Association may determine appropriate

(b) Fees The Architectural Control Committee may establish and charge reasonable fees to defray costs of administering applications for approval under this Article

(c) Powers and Duties The Architectural Control Committee shall receive and act on all applications of Owners seeking approval of proposed Improvements or proposed changes to existing improvements to Lots in Lanier Landing The Architectural Control Committee shall establish and make available to all Owners guidelines and procedures for applications and required submissions The Owner of a vacant lot shall make application for the construction of a residential structure on said lot within sixty (60) days after taking title to said lot unless that time limitation is waived in writing by the Declarant or the Association

The Architectural Control Committee may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution

SECTION 3. Scope of Review The Architectural Control Committee may consider any factors it deems relevant, including harmony of external Architectural Control with surrounding structures and environment and consistency with the visual themes established for Lanier Landing Its decisions may be based on purely aesthetic considerations Each Owner, by accepting a deed to a Lot in Lanier Landing, acknowledges that determinations as to such matters are subjective and opinions may vary as to the desirability or attractiveness of particular improvements

The architectural standards and procedures established pursuant to this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of Lanier Landing and shall not create any duty to any person The Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size or of similar Architectural Control

Neither the Declarant, the Association, nor the Architectural Control Committee shall be held liable for soil conditions, drainage or other general site work, any defects in plans revised or approved hereunder, or any injury, damages, or loss arising out of the manner or quality of approved construction or modifications In all such matters, the Association shall defend and indemnify The Cottages Architectural Control Committee and its members

SECTION 4. Schedule for Review The Architectural Control Committee shall notify the applicant of its determination on an application within sixty (60) days after receipt of the completed application and all required information The Committee may (i) approve the application, with or without conditions, (ii) approve a portion of the application and disapprove other portions, or (iii) disapprove the application In the case of disapproval, the Committee may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U S Postal Service Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant

In the event that the Committee fails to respond in a timely manner, approval shall be deemed to have been denied

After termination of the Declarant's right to appoint the Committee, any denial of an application by the Committee may be appealed to the Board of Appeals in accordance with such procedures as the Board of Appeals may establish

SECTION 5. Commencement and Completion of Construction If construction has not commenced on a project for which an application has been approved within six months after the date of approval, such approval shall be deemed withdrawn. Once construction is commenced, it shall be diligently pursued to completion. Unless otherwise agreed in writing by the Architectural Control Committee, all elements of proposed Improvements for which plans are approved hereunder shall be completed within one year after the date of approval, or such shorter period as may be specified in any agreement for the purchase of the Lot from the Declarant

ARTICLE V HOMEOWNER'S ASSOCIATION

SECTION 1. Formation of Association The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots and to own, operate and maintain the Common Areas in accordance with this Declaration, the Association's Articles of Incorporation and By-Laws

SECTION 2. Membership Every Lot Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership

SECTION 3. Voting Rights The Association shall have two classes of voting Membership

Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as its owners determine but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited

Class B The Declarant shall be a Class B Member and shall be entitled to six (6) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earlier

(a) on December 31, 2037, or

(b) upon the voluntary surrender of all Class B Memberships by the holder thereof,

The period during which there is Class B Membership is sometimes referred to herein as the Declarant Control Period. During this period, the Declarant shall be entitled to exercise all of the Special Declarant Rights set out in Section 47F-1-103(28) of the PCA including the right to appoint or remove any officer or executive board member of the Association. Declarant shall be entitled to transfer all of the rights of Developer set out in Article III above and all of the Special Declarant Rights set out in Section 47F-1-103(28) of the PCA so long as it owns any lot in Lanier Landing Subdivision. A Class B Membership shall only be voluntarily surrendered at the election of the Declarant when it conveys a lot to a third party not deemed to be a Successor Declarant, in which case, the Class B membership pertinent to that lot shall be deemed to be voluntarily surrendered and converted to a Class A Membership. Class B Memberships shall not be deemed to

be voluntarily surrendered upon the conveyance of a lot or lots together with the transfer of the rights of Developer and Special Declarant Rights to another Developer

SECTION 4. Government Permits All duties, obligations, rights and privileges of the Declarant under any water, sewer, stormwater and utility agreements, easements and permits for the Development with municipal or governmental agencies or public or private utility companies are at all times the responsibility of the Association

ARTICLE VI INSURANCE AND BONDS

SECTION 1. Insurance The Board of Directors on behalf of the Association, as a common expense, may at all times keep the Common Areas and other property of the Association, if any, insured against loss or damage by fire or other hazards and other such risks, including, but not limited to directors liability and public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. Such insurance shall be obtained without prejudice to the right of each Member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgagees.

SECTION 2. Fidelity Bond. The Association may maintain blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association (provided, however, that if the Association shall delegate some or all of the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by such management agent for its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association)

ARTICLE VII COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments Each Owner of any Lot, by acceptance of a deed for the Owner's Lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association the following assessments (collectively the "Assessments")

- (a) Annual Assessments,
- (b) Special Assessments for Capital Improvements,
- (c) Insurance Assessments,
- (d) Ad Valorem Tax Assessments,
- (e) Working Capital Assessments, and
- (f) Any other assessments authorized or required by the Master Declaration

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the

Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Property and Additional Property and for the improvement and maintenance of the Common Areas. The funds arising from said assessments or charges, may be used for any or all of the following purposes: Operations, maintenance and improvement of the Common Areas, including payment of utilities, enforcing this Declaration, paying taxes, insurance premiums, legal and accounting fees and governmental charges, establishing working capital, paying any assessments or other charges allocable to the Development pursuant to the terms of the other Declaration, and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Areas in good operating order and repair.

SECTION 3. Annual Assessments. The Board of Directors shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year. Within 30 days after adoption of the proposed budget for the Development, the Board of Directors shall provide to all of the Lot Owners a summary of the budget and notice of a meeting to consider its ratification, including a statement that the budget may be ratified without a quorum. The budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board of Directors. The Annual Assessment for each Lot shall be established based on the annual budget thus adopted, provided, however, that the first Annual Assessment shall be set by the Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Board of Directors. The Board of Directors shall have the authority to require the assessments to be paid in periodic installments.

The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 4. Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the Members of each class who are voting in person or by proxy at a meeting duly called for this purpose.

SECTION 5. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its Architectural Committee and any deductibles payable by the Association upon loss shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the annual cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Areas, if any, shall be a common expense, and the Association may in any assessment

year levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay such ad valorem taxes in such year not included as a component of the Annual Assessment

SECTION 7. Working Capital Assessments. At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay an amount equal to two months' assessments to the Association as working capital to be used for initial operating and capital expenses of the Association. Amounts paid into the working capital fund are not to be considered as advance payment of the Annual or any other assessments. Any working capital funds remaining after the last lot has been sold by Declarant shall be transferred to and become part of the general funds of the Association, in the discretion of the Board of Directors

SECTION 8. Rate of Assessment The Association may differentiate in the amount of Assessments charged when a reasonable basis for distinction exists, such as between vacant Lots of record and Lots of record with completed dwellings for which certificates of occupancy have been issued by the appropriate governmental authority, or when any other substantial difference as a ground of distinction exists between Lots. However, Assessments must be fixed at a uniform rate for all Lots similarly situated. Notwithstanding the foregoing, the Declarant shall not be required to pay assessments with regard to Lots which it owns

SECTION 9. Commencement of Assessments Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant excluding any successor Declarant

SECTION 10. Effect Of Nonpayment of Assessments And Remedies Of The Association Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments

SECTION 11. Lien for Assessments The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer

(a) The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107(a) and 47F-3-115 of the Act are enforceable as Assessments

(b) The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot

(c) The lien for unpaid assessments is extinguished unless proceedings to enforce the lien

are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court

(d) Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorneys fees for the prevailing party

(e) Where the holder of a first mortgage or deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title to the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all of the Lot Owners including such purchaser, its heirs, successors and assigns

(f) A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed

ARTICLE VIII
MINIMUM STANDARDS FOR SITE IMPROVEMENTS, USE RESTRICTIONS AND
MAINTENANCE

SECTION 1. Minimum Standards for the Site Improvements.

(a) Each dwelling shall have a minimum of 1,500 square feet of "enclosed, heated dwelling area" The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling which is heated by a common heating system provided, however, that such term does not include garages, terraces, decks, open porches, and like areas

(b) Since the establishment of standard inflexible building setback lines for location of houses on lots tends to force construction of house both directly behind and directly to the side of other homes with detrimental effects on privacy, view of the water and surrounding areas, preservation of important trees, etc no specific setback lines are established by these covenants, except as may be set out on any recorded plats of any areas in the development. In order to assure, however, that location of houses will be arranged where practical and appropriate so that the maximum amount of view and tree preservation will be considered for each house, that the structures will be located with regard to the ecological constraints and topography of each individual lot, the location of large trees and similar considerations, the Declarant or its designee reserves unto itself, its successors and assigns, the right to control absolutely the precise site and location of any house or dwelling or other structure upon all lots, including its relationship to streets, the height of all buildings, setting of all buildings, and their location on to another. Provided, however, that no structure shall be located in violation of any set back lines which may appear on any recorded plats, that such location shall be determined only after reasonable opportunity is afforded to the lot owner to recommend a specific site and location of buildings and driveway, etc , and provided further, that in the event an agreed location is stipulated in writing in the contract of purchase, or subsequent agreement, the Declarant shall approve automatically such location for a residence. Declarant shall distribute to each lot owner a list of suggested building standards which will be intended as a guideline for compliance with the Declaration

(c) All service utilities, fuel tanks, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Declarant, the Board or the Architectural Control Committee, so as to preclude the same from causing an unsightly view from any highway, street or

way within the subdivision, or from any other residence within the subdivision. All mail and newspaper boxes shall be uniform in design. Design for mail and newspaper boxes shall be furnished by Declarant. Fences shall be permitted, provided, however, that the design, placement, and materials of any fence are approved by the Declarant, the Board, or the Architectural Control Committee, as the case may be.

(d) All light bulbs or other lights installed in any fixture located on the exterior of any building for the purpose of illumination shall be clear, white or non-frost lights or bulbs. Exterior spot/flood lights must be approved by the Association. Any such approved spot/flood lights shall be aimed to the greatest extent possible to direct light away from adjoining property.

SECTION 2. Use Restrictions

(a) Land Use And Building Type No Lot shall be used for any purpose except for residential purposes. All numbered Lots are restricted for construction of one single family dwelling.

(b) Nuisances No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owners thereof. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept condition of buildings or grounds on the Owner's Lot which would tend to decrease the beauty of the neighborhood as a whole or the specific area.

(c) Temporary Structures No structure of a temporary character, trailer, basement, tent, shack, barn or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently, provided, however, that this shall not prevent the Declarant from maintaining a construction trailer or office on any part of the Development until the construction of dwellings on all Lots and Common Area improvements are completed.

(d) Vehicles/Boats Boats, motor boats, watercraft, or other recreational vehicles shall only be parked on driveways or pads. No inoperable vehicle or vehicle without current registration and insurance, will be permitted on any Lot, street or Common Area. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas not visible from the street.

(e) Vehicles Only standard private passenger vehicles, including passenger vans and pick-up trucks, are permitted to be parked within Lanier Landing. Such vehicles must bear current licenses, be in operating condition and bear no signs.

(f) Animals No animals, livestock or poultry of any kind shall be kept or maintained on any Lot, or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed or under the control of their owner and do not become a nuisance or cause a disturbance to owners and occupants of other lots in Lanier Landing. Each owner shall be responsible for immediately collecting and properly disposing of wastes of his pet.

(g) Statuary, TV Satellite Dishes and Outside Antennas No yard statuary, yard art, or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot, or dwelling unit unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee, provided, however, satellite dishes not over eighteen inches (18") in diameter which cannot be seen from the street are permitted

(h) Construction in Common Area No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Areas except at the direction or with the express written consent of the Association or as permitted by this Declaration

(i) Signs and Brochure Distribution Devices There shall be no advertising or marketing on any lot and no signs (including for sale or for rent signs) or brochure distribution devices shall be permitted on any Lot, or in the Common Areas without permission of the Board of Directors, except that each Lot may have posted, prior to initial occupancy, one sign setting forth the names of the Owner, builder and architect, and, in the case of a Lot owned by Declarant, such other signs as the Declarant may choose

(j) Subdividing Subject to any rights reserved to the Declarant herein, no Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the Declarant Control Period and thereafter by the Board of Directors of the Association

(k) Trash Cans All trash cans must be kept from view from the street except on trash pickup days Trash cans must be removed from the street within 8 hours of trash pickup

(l) Christmas Decorations Christmas decorations may only be exhibited between November 20 and January 7 of the following year

(m) Leases Rental contracts for residences shall not be for a term shorter than three consecutive months

(n) Fences and Hedges No person shall construct or install a fence, hedge or similar structure on any Lot in such location or manner as to interfere with or obstruct access to utility meters, sewer cleanouts or utility pedestals on the Lot by any utility company or public works employees or agents In the event of a violation of this provision, the Declarant, the Association, New Hanover County, or the affected utility company shall be entitled to enter upon the Lot and remove the fence, hedge, or other obstruction and recover all costs incurred from the owner of the Lot

(o) Street Lighting The Association may enter into a contract with a public or private utility company to lease the street lights in Lanier Landing for a monthly fee which shall be paid by the Association and included in the monthly assessments pursuant to Article VII

(p) Sidewalks The sidewalks in Lanier Landing may be located within the rights of way as shown on the Recorded Map

SECTION 3. Maintenance Each Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects In the event the Owner fails to do so, then, after thirty days notice from the Architectural Control Committee, the Association or its designee may enter upon the Lot and remove the same at the expense of the Owner, and such entry shall not be deemed a trespass, and in such event a lien shall arise and be created in favor of the Association for